

## Message Text

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PAGE 01 OTTAWA 00531 132141Z

15

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 5648

C O N F I D E N T I A L OTTAWA 0531

E.O. 11652: GDS

TAGS: PFOR, PINR, CA

SUBJ: ALLEGATIONS OF CIA ACTIVITY IN CANADA

1. THE FOLLOWING EXCHANGE TOOK PLACE IN COMMONS FEB 12  
BETWEEN PERRIN BEATTY (CONSERVATIVE, ONTARIO) AND EXTAFF  
MINISTER MACEACHEN:

"BEATTY - MR. SPEAKER, THE SECRETARY OF STATE FOR EXTERNAL  
AFFAIRS HAS INFORMED ME THAT HE HAS INVESTIGATED THE  
MATTER OF THE CONTRACT SOLICITATION OF THE AMERICAN CENTRAL  
INTELLIGENCE AGENCY FOR INFORMATION ABOUT TRANSPORTATION  
TECHNOLOGY. COULD THE MINISTER MAKE A REPORT TO THE HOUSE  
AT THIS TIME?

"MACEACHEN - MR. SPEAKER, I DO HAVE SOME INFORMATION.  
I SHOULD LIKE TO INFORM THE HOUSE THAT I HAVE BEEN ASSURED  
THERE IS NO INTENTION OF HAVING A STUDY OF A SECRET  
CHARACTER CARRIED OUT OF ANY WESTERN COUNTRY. MOREOVER,  
NO CONTRACT HAS BEEN OR WILL BE LET FOR A STUDY DEVOTED TO  
ADVANCED TRANSPORTATION TECHNOLOGY IN CANADA. THERE MAY BE  
REFERENCE TO CANADIAN DEVELOPMENTS IN THIS FIELD IN A  
MORE GENERAL STUDY BUT, AS I POINTED OUT IN THE HOUSE EARLIER,  
THIS WILL BE BASED SOLELY ON UNCLASSIFIED INFORMATION  
OPENLY AVAILABLE.

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PAGE 02 OTTAWA 00531 132141Z

"I WANT TO REFER TO ONE ASPECT OF THE LETTER WHICH

THE HON. MEMBER WAS GOOD ENOUGH TO LET ME HAVE--THE LETTER WHICH REFERRED TO CLASSIFIED INFORMATION--AND HOW THAT MIGHT BE DEALT WITH. I UNDERSTAND THAT THIS STUDY, WHICH IS WORLD-WIDE IN SCOPE AND IS DEALING WITH NEW DEVELOPMENTS IN TRANSPORTATION OF A GLOBAL CHARACTER, WILL DEAL WITH SOME COUNTRIES NOT AS OPEN AS OURS UPON WHICH THE CIA MAY HAVE CLASSIFIED INFORMATION. IF MADE AVAILABLE TO THE CONTRACTOR, THAT INFORMATION WILL HAVE TO BE DEALT WITH IN THE USUALLY SECURE WAY.

"BEATTY - I ASK THE MINISTER THE FOLLOWING QUESTION. WHEN HE ASKED THE AMERICANS FOR A REPORT ON THIS PARTICULAR MATTER, DID HE ASK THEM SPECIFICALLY TO EXPLAIN THE TWO SENTENCE WHICH APPEAR ON PAGE 4, WHICH READ:

USING HIS AVAILABLE RESOURCES, THE CONTRACTOR WILL ACQUIRE TECHNICAL INFORMATION AND DEVELOP A DATA BASE ON FREE WORLD DEVELOPMENTS IN GROUND AND AIR TRANSPORTATION TECHNOLOGY. PRIOR TO INITIATING SUCH EFFORTS A CAREFUL REVIEW OF EXISTING TECHNICAL DATA SOURCES INCLUDING THE COLLATION OF OPEN LITERATURE MUST BE MADE.

IN OTHER WORDS, THEY WERE TO LOOK AT UNCLASSIFIED INFORMATION FIRST AND, FOLLOWING THAT, FURTHER INFORMATION WAS TO BE GAINED. THAT IS WHAT I INFER FROM IT.

"MACEACHEN - THE REFERENCE TO CANADA, AS I UNDERSTAND IT, WHILE THIS STUDY REALLY HAS TO DO WITH THE STATE OF THE TRANSPORTATION ART THROUGHOUT THE WORLD, IS A REFERENCE TO THE TECHNOLOGICALLY ADVANCED INDUSTRIAL COUNTRY WHICH WOULD BE OF SOME INTEREST IN THAT STUDY. I MAY PUT MY HON. FRIEND'S CONCERN AT REST BY SAYING THAT IN 1970 AN AGREEMENT WAS REACHED BETWEEN THE THEN MINISTER OF TRANSPORT, AND PRESENT MINISTER OF REGIONAL ECONOMIC EXPANSION, AND HIS COUNTERPART IN THE UNITED STATES, MR. VOLPE, WHICH PROVIDED FOR CONSIDERABLE EXCHANGE OF TRANSPORTATION TECHNOLOGY BETWEEN THE TWO COUNTRIES. I AM LED TO BELIEVE, IN FACT I AM RELIABLY INFORMED, THAT CONFIDENTIAL

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PAGE 03 OTTAWA 00531 132141Z

WE KNOW EVERYTHING WE WANT TO KNOW ABOUT THEIR TECHNOLOGY AND THEY KNOW EVERYTHING THEY WANT TO KNOW ABOUT OURS. SO ANY KIND OF STUDY IS QUITE UNNECESSARY.

"BEATTY - MAY I ASK THE MINISTER TWO MORE QUESTIONS? THE FIRST IS: WHERE DID THE MINISTER GET HIS INFORMATION? DID HE SIMPLY ACCEPT THE BLANDISHMENTS OF THE AMERICAN EMBASSY THAT THEY WERE NOT IN FACT SPYING ON CANADIAN

INDUSTRY, OR DID HE ATTEMPT TO CONFIRM THAT FROM HIS OWN SOURCES? I ALSO ASK THE MINISTER: WHEN THE AMERICANS INFORMED THE CANADIANS THAT THEY WERE NOT INTERESTED IN CANADIAN TECHNOLOGICAL DEVELOPMENTS, DID HE ASK THEM TO EXPLAIN THE SPECIFIC REFERENCE TO CANADA WHICH APPEARS ON PAGE 4 OF THE CONTRACT SOLICITATION, OR THE REFERENCE ON PAGE 5 STATING THAT INFORMATION WAS TO BE OBTAINED ABOUT 'EACH COUNTRY IDENTIFIED AS REPRESENTING POTENTIAL TECHNOLOGICAL AND/OR ECONOMIC THREATS TO THE U.S. POSITION,' OR HOW CANADA WAS EXCLUDED FROM THE REFERENCES ON PAGES 3 AND 4 TO THE OBTAINING OF INFORMATION ON FREE WORLD TRANSPORTATION TECHNOLOGY?

"MACEACHEN - I THINK THE HON. GENTLEMAN SHOULD BE MADE AWARE THAT THIS STUDY IS BEING CARRIED OUT BY THE RESEARCH AND ANALYTICAL SIDE OF THE CIA, WHICH IS AN ENTIRELY DIFFERENT OPERATION. THE REFERENCES TO CANADA, AS I HAVE SAID, ARE IN THE CONTEXT OF A WORLDWIDE STUDY EXAMINING THE STATE OF THE TRANSPORTATION ART, IN WHICH ART CANADA IS REGARDED AS HAVING SOME TECHNOLOGICAL ADVANTAGES."

2. MACEACHEN'S MEASURED AND REASSURING RESPONSE, BASED IN LARGE MEASURE ON INFORMATION SUPPLIED BY THIS EMBASSY, HAS PROBABLY PUT THIS PARTICULAR ALLEGATION TO REST. THERE WILL ALMOST CERTAINLY BE OTHERS. BEATTY IS A PLEASANT AND REASONABLE YOUNG MAN, NOT UNFRIENDLY TO U.S., BUT HE OBVIOUSLY SAW POLITICAL ADVANTAGE IN PRESSING THIS MATTER. OTHER MP'S WILL FOLLOW SUIT. CIA IS FRONT-PAGE NEWS IN CANADA, AND PHILIP AGEE'S AND OTHER "EXPOSES" ON CIA ARE SELLING BRISKLY. GOC CONTINUES TREAT ALLEGATIONS IN CALM, LOW KEY FASHION, CONFIDENTIAL

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PAGE 04 OTTAWA 00531 132141Z

HOWEVER, AND LIKELIHOOD IS THAT ISSUE WILL BE KEPT WITHIN MANAGEABLE BOUNDS. PORTER

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